



## CITY OF CARLSBAD – AGENDA BILL

<b>AB#</b> _____	<b>REPORT ON CITY INVESTMENTS</b>	<b>DEPT. HEAD</b> _____
<b>MTG.</b> _____	<b>AS OF SEPTEMBER 30, 2008</b>	<b>CITY ATTY.</b> _____
<b>DEPT.</b> TRS		<b>CITY MGR.</b> _____

### RECOMMENDED ACTION:

Accept and file report.

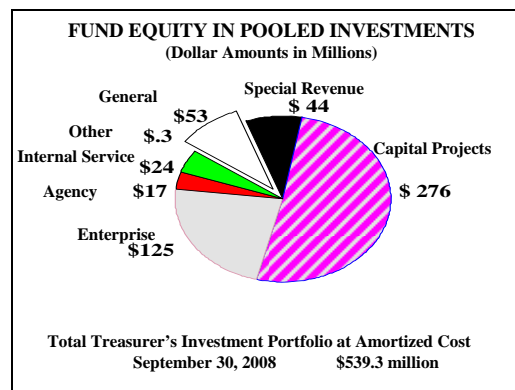
### ITEM EXPLANATION:

The City's Investment Policy requires the City Treasurer to report to the City Council on a monthly basis the status of the City's pooled investment portfolio. A quarterly report is also required for the investments of bond proceeds held separately. The City's pooled investment portfolio as of the month ended September 30, 2008 is summarized below.

<b>Pooled Investment Portfolio (Cash and Securities)</b>		
	<b>Current Month</b>	<b>Prior Month</b>
Par Value	535,694,338	539,820,306
Cost of Investments	540,354,298	544,287,548
Amortized Cost (1)	539,253,126	543,397,023
Market Value (2)	538,998,568	546,566,601

- (1) The cost of investments adjusted for amortized premiums and discounts.  
 (2) The amount at which the investments could be sold. Source of market values is Union Bank of California's custodial report as of 9/30/08.

The equity portion of the various funds in the total portfolio is summarized in the graph below. Fund balances are restricted for various purposes. See Exhibit 7 for a more detailed breakdown.



### **FOR CITY CLERKS USE ONLY.**

<b>COUNCIL ACTION:</b>	<b>APPROVED</b> <input type="checkbox"/>	<b>CONTINUED TO DATE SPECIFIC</b> <input type="checkbox"/> _____
	<b>DENIED</b> <input type="checkbox"/>	<b>CONTINUED TO DATE UNKNOWN</b> <input type="checkbox"/>
	<b>CONTINUED</b> <input type="checkbox"/>	<b>RETURNED TO STAFF</b> <input type="checkbox"/>
	<b>WITHDRAWN</b> <input type="checkbox"/>	<b>OTHER – SEE MINUTES</b> <input type="checkbox"/>
	<b>AMENDED</b> <input type="checkbox"/>	

DEPARTMENT CONTACT: Nancy Sullivan (760) 602-2473 nsull@ci.carlsbad.ca.us

<b>Pooled Investment Interest Income</b>			
	<b>Current Month FYTD</b>	<b>Prior Month FYTD</b>	<b>Current Month Income</b>
Cash Income Fiscal Year-to-Date *	6,555,284	4,854,978	1,700,306

\*The cash income received is adjusted for any accrued interest purchased.

<b>Pooled Investment Performance/M Measurement</b>			
	<b>Average Life (Years)</b>	<b>Average Yield To Maturity</b>	<b>Modified Duration</b>
July 2008	2.04	4.00%	1.858
August 2008	2.12	4.14%	1.927
September 2008	2.07	4.10%	1.888

All pooled investments have been made in accordance with the City's Investment Policy adopted January 2, 1985 and last revised February 13, 2007. All investments were initially made in accordance with the City's Investment Policy. Events subsequent to the purchase might have resulted in some investments not being in compliance with the current policy. These events are typically a change in the City's Investment Policy, a change in the credit rating subsequent to a purchase, or a temporary reduction in total portfolio assets. See Exhibit 9 for details. It should be noted that the City's investment in General Electric Capital at 5.05% exceeds the 5% limit set by the City's investment policy. This is due to the reduction in total portfolio assets. See Exhibit 10.

The pooled investment portfolio has the ability to meet the City's cash flow demands for the next six (6) months.

In summary, the City's investments of bond proceeds held separately as of the quarter ended September 2008 is as follows:

<b>Investment Portfolio for Bond Proceeds</b>		
	<b>Current Quarter</b>	<b>Prior Quarter</b>
Par Value	26,918,294	24,859,707
Cost	26,918,294	24,859,707

All investments of bond proceeds have been made in accordance with the City's Investment Policy and the trust indenture for each issue.

**EXHIBITS FOR POOLED INVESTMENTS:**

1. Investment Portfolio Breakdown By Amortized Cost, Market Value, Cash Income, and Average Yield
2. Investment Portfolio Breakdown Of Maturities
3. Yield Comparison Graph
4. Market Yield Curve
5. Cumulative Cash Income Graph

**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF SEPTEMBER 30, 2008**

***BREAKDOWN BY AMORTIZED COST, MARKET VALUE, CASH INCOME, AND AVERAGE YIELD BY CLASS***

<u>Class</u>	<u>AMORTIZED COST</u>		<u>MARKET VALUE</u>		<u>Cash Income Year to Date</u>	<u>AVERAGE YIELD</u>	
	<u>Current Month</u>	<u>Prior Month</u>	<u>Current Month</u>	<u>Prior Month</u>		<u>Current Month</u>	<u>Prior Month</u>
CD	33,000	33,000	33,000	33,000	159	1.88	1.88
FN	0	0	0	0	0	0.00	0.00
CP	0	0	0	0	0	0.00	0.00
TR	0	0	0	0	0	0.00	0.00
FA	391,224,175	399,589,747	393,471,621	402,356,963	4,681,478	4.16	4.19
CN	90,632,614	90,659,970	88,130,609	91,062,331	1,414,562	4.77	4.77
LAIF	53,943,589	50,201,589	53,943,589	50,201,589	453,107	2.78	2.78
CUSTODY	500	250,000	500	250,000	920	2.68	1.88
SWEEP	2,328,194	2,082,854	2,328,194	2,082,854	5,060	0.88	0.88
BANK ACCT	1,091,054	579,863	1,091,054	579,863	0	0.88	0.88
<b>TOTALS</b>	<b>\$539,253,126</b>	<b>\$543,397,023</b>	<b>\$538,998,568</b>	<b>\$546,566,600</b>	<b>\$6,555,284</b>	<b>4.10%</b>	<b>4.14%</b>

CD - Certificate of Deposit  
FN - Federal Discount Notes  
CP - Corporate Paper

TR - US Treasury  
FA - Federal Agency  
CN - Corporate Notes

LAIF - Local Agency Investment Fund  
Custody - Investment Cash account  
SWEEP - General Fund Overnight Cash account  
Bank Account - General Fund Cash account

**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF SEPTEMBER 30, 2008**

***BREAKDOWN OF MATURITIES BY CLASSIFICATION AND LENGTH OF TIME***

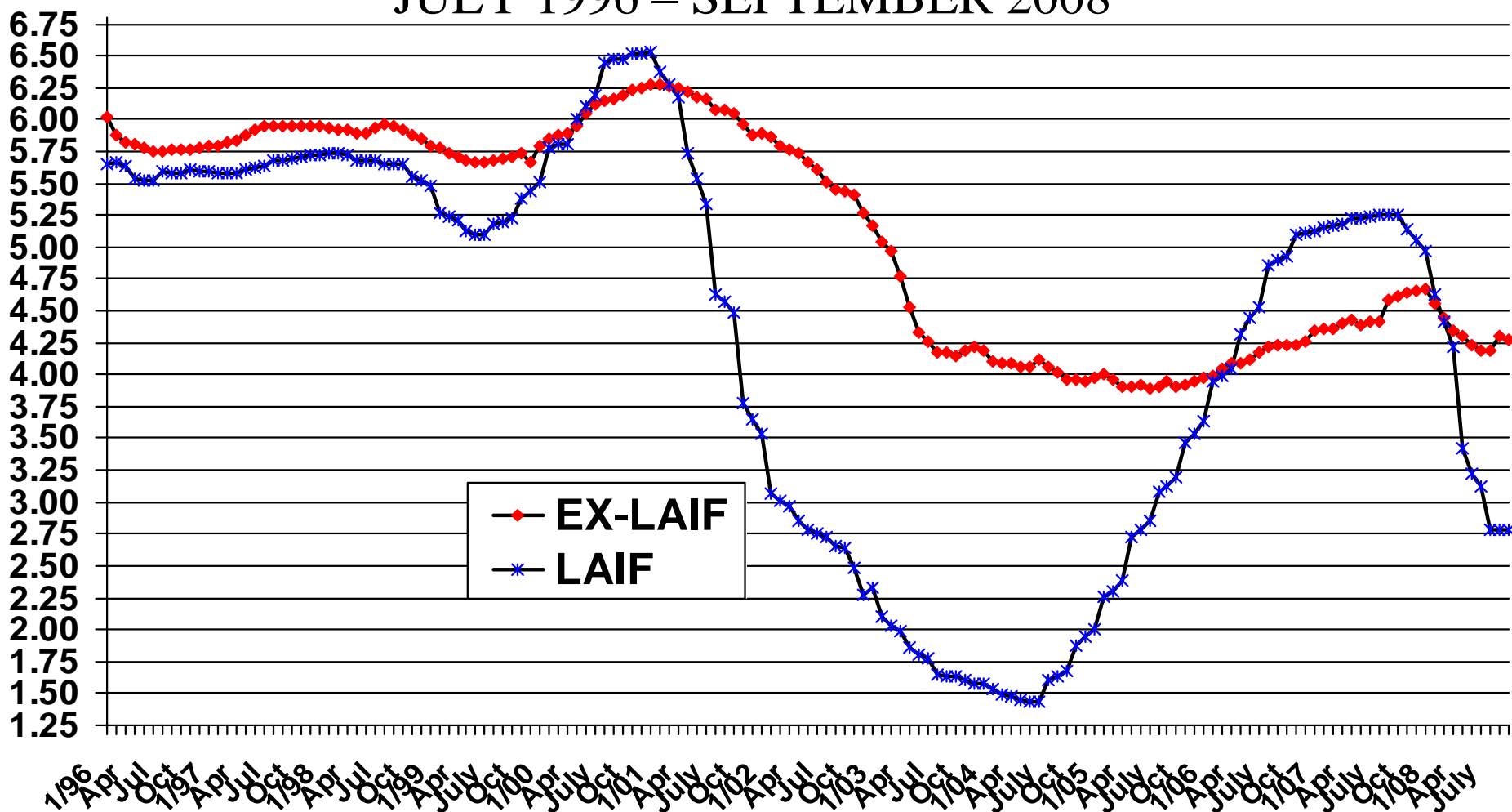
<u>CLASS</u>	<u>WITHIN 6 MONTHS</u>	<u>7 MONTHS TO 1 YEAR</u>	<u>1 TO 5 YEARS</u>	<u>TOTAL</u>	<u>% TOTAL</u>
CD	33,000	0	0	33,000	0.0%
FN	0	0	0	0	0.0%
CP	0	0	0	0	0.0%
TR	0	0	0	0	0.0%
FA	20,205,654	65,663,779	306,214,958	392,084,391	72.6%
CN	0	12,055,973	78,817,596	90,873,569	16.8% (2)
LAIF	53,943,589	0	0	53,943,589	10.0%
CUSTODY	500	0	0	500	0.0%
SWEEP	2,328,194	0	0	2,328,194	0.4%
BANK ACCT	1,091,054	0	0	1,091,054	0.2%
<b>TOTALS</b>	\$77,601,991 (1)	\$77,719,753 (1)	\$385,032,554	\$540,354,298	100.0%
% TOTALS	14.4%	14.4%	71.3%	100.0%	
Total within One Year		\$155,321,744 (1) 28.7%			

**POLICY:** (1) Not less than \$130,125,000 to mature within one year. (2/3rds of current year operating budget of \$195,180,000.00  
(2) Policy states that not more than 30% of portfolio is to be invested in corporate notes

# YIELD COMPARISON

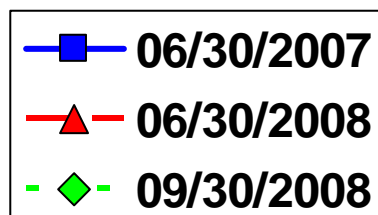
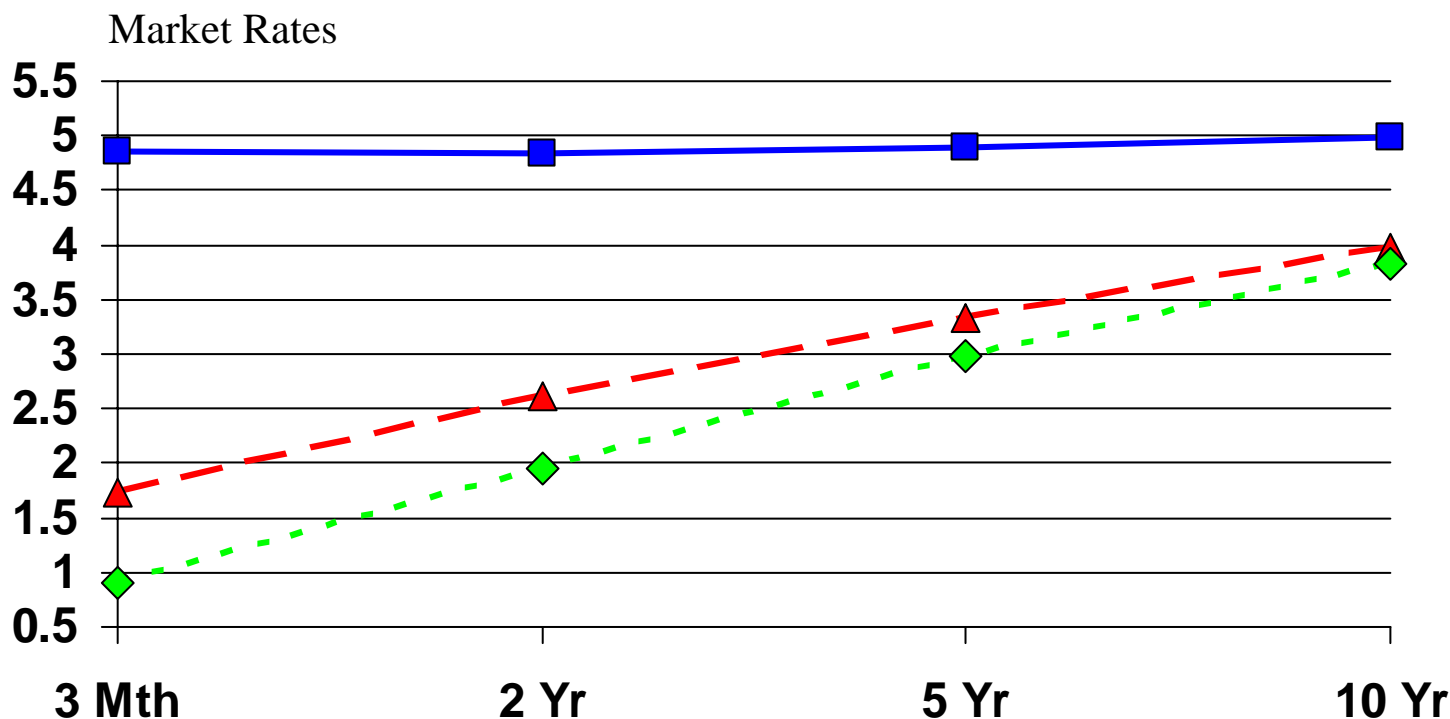
PORTFOLIO EX-LAIF VS. LAIF

JULY 1996 – SEPTEMBER 2008



# MARKET YIELD CURVE

6/30/07, 6/30/08, 09/30/08



	3 Mth	2 Yr	5 Yr	10 Yr
06/30/2007	4.86	4.84	4.89	4.99
06/30/2008	1.73	2.62	3.33	3.97
09/30/2008	.90	1.96	2.98	3.82

# Cumulative Cash Income

## FY08-09

(September 08 )

